

# IS IT “US VERSUS THEM” OR WHAT?

GASIFICATION TECHNOLOGIES COUNCIL

WORKSHOP ON GASIFICATION TECHNOLOGIES

MARCH 14, 2007

DENVER, CO

KLAUS LAMBECK

CHIEF

FACILITIES, SITING AND ENVIRONMENTAL ANALYSIS

STATE OF OHIO

# SO WHAT CAN STATES DO?

- **TAX INCENTIVES**
- **FUEL ADJUSTMENT**
- **R&D**
- **TECHNOLOGY ASSISTANCE**
- **BONDS**
- **REGULATORY CERTAINTY**
- **FUEL PURCHASING**

# SO WHAT CAN AND SHOULD STATES DO

- STATE GOVERNMENTAL AGENCY COORDINATION ON FINANCING
- SMALL BUSINESS REGULATORY ASSISTANCE
- COAL RESEARCH AND DEVELOPMENT
- DIRECT LOANS
- BUSINESS DEVELOPMENT (new)  
to support infrastructure

**EXPEDITED SITING**

- **TRANSPORTATION INFRASTRUCTURE FOR ON SITE OR REGIONAL PROJECTS**
- **COMMUNITY DEVELOPMENT BLOCK GRANTS**
- **INDUSTRIAL ENTERPRISE BONDS**
- **TAX – EXEMPT REVENUE BONDS**
- **JOBS CREATION TAX CREDITS**
- **MANUFACTURING INVESTMENT TAX CREDITS**
- **SALES TAX EXEMPTIONS FOR MANUFACTURERS**
- **SALES TAX EXEMPTION FOR R&D EQUIPMENT**

# THEN THERE ARE

- **ENTERPRIZE ZONE CONCEPTS**
- **AND**
- **COMMUNITY REINVESTMENT AREA INITIATIVES (real estate tax abatement)**
- **REAL PROPERTY TAX EXEMPTIONS (public infrastructure improvements at a site)**

# **WORKFORCE: THE MOST CRITICAL CONTRIBUTION**

- **INDUSTRIAL TRAINING PROGRAMS**
- **RECRUITEMENT SERVICES**
  
- **WORKERS COMPENSATION  
INCENTIVES**

# SOME STATE EXAMPLES

[ so much so fast, no way to give an accurate account of current situations but...]

- OHIO – later
- VIRGINIA – newly introduced law looking at a \$40 pb floor and a \$70 pb ceiling for F-T production facilities

- KENTUCKY –
- HB 299

HB DIRECTS TO DEVELOP A  
STRATEGY FOR COAL/BIOMASS  
TRANSPORTATION FUELS  
PRODUCTION

- MISSISSIPPI –
- STATE LEGISLATURE  
APPROPRIATION
- County siting and political support

- NORTH DAKOTA –
- DISTRIBUTED LOANS AND GRANTS
- PLANT SITING
- ENERGY PARK CONCEPT
- RATE REDUCTIONS

# My personal comment

- For the rest of the state activities that are on the books please contact the Southern State Energy Board or the National Mining Association; but use NARUC or the NGA for contacts and please don't just think about it **WE** need to talk to each other !!!!!

# CARBON IMPLICATION

- **There is a pathway to use energy technologies and policies which can position the U.S. well to a transition to a low carbon future by 2050.**
- **However, achieving such a future necessitates a significant, explicit, and climate friendly policy and investment**
- **This policy pathway can without a doubt strengthen local, regional and national energy security**

- **Public and private leadership, consumer and citizen involvement, engagement of the research community, and international cooperation is key to success**
- **Most importantly, it is critical to have started yesterday, not now, and on all fronts - policy and education, research, demonstration, and deployment, to spur the investment necessary to provide for the future**

# **Now Ohio**

- **Ohio has put a four Billion \$ chip on the table for one project**
- **Ohio is willing to consider similar support for other projects**
- **Ohio wants a full basket of energy options**  
**including energy efficiency and fuel for our first providers**

- RESOLUTION NO. 06-70 A RESOLUTION AGREEING TO ISSUE REVENUE BONDS OF THE STATE OF OHIO TO ASSIST IN THE FINANCING OF THE COSTS OF THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF AIR QUALITY FACILITIES FOR THE USE OF OHIO RIVER CLEAN FUELS, LLC.
- WHEREAS, the Ohio Air Quality Development Authority, a body politic and corporate organized under the laws of the State of Ohio (the “Authority”), and pursuant to the laws of the State of Ohio, particularly Chapter 3706, Ohio Revised Code (the “Act”), wishes to take the necessary actions for the issuance of air quality development revenue bonds of the State of Ohio (the “Bonds”) to assist Ohio River Clean Fuels, LLC (the “Company”), in the financing of the costs of the acquisition, construction and installation of certain air quality facilities (the “Project”) more particularly described in Exhibit A to the form of Agreement To Issue Bonds attached hereto as Exhibit 1 (the “Agreement”), which Project consist of the production of processing coal to liquids (the “CTL Facility”) located within the boundaries of the State of Ohio and owned by the Company;
- WHEREAS, United States Treasury Regulations Section 1.150-2 (the “Reimbursement Regulations”) prescribe conditions under which proceeds of bonds, notes or other obligations used to reimburse advances made for certain expenditures paid before the issuance of such obligations, will be deemed to be expended (or properly allocated to expenditures) for purposes of Sections 103 and 141-150 of the Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”) so that upon such reimbursement the proceeds so used will not further be subject to requirements or restrictions under those sections of the Internal Revenue Code; and
- WHEREAS, certain provisions of the Reimbursement Regulations require that there be a Declaration of Official Intent not later than 60 days following payment of the expenditure expected to be reimbursed from proceeds of such obligations, and that the reimbursement occur within prescribed time periods after the expenditure is paid or after the property is placed in service; and
- WHEREAS, the Authority wishes to take steps for compliance with those Reimbursement Regulations in connection with the Project;

- NOW, THEREFORE, BE IT RESOLVED by the Ohio Air Quality Development Authority of the State of Ohio that: SECTION 1. Based upon the Application of the Company and the information presented to this Authority, this Authority hereby finds and determines that:
  - (a) The Project will promote the reduction of emissions of air contaminants into the ambient air through the energy efficient generation of electricity and coal to liquid fuels production;
  - (b) The Project will constitute air quality facilities within the meaning of that term as defined in Section 3706.01, Ohio Revised Code;
  - (c) The Project will be consistent with the purposes of Section 13 of Article VIII, Ohio Constitution, and Chapter 3706, Ohio Revised Code particularly promoting the public policy of the State of Ohio as stated in Section 3706.03, Ohio Revised Code; and
  - (d) The Project is not inconsistent with any applicable air quality standards duly established and required to be met pursuant to the “Clean Air Act”, 84 Stat. 1679 (1970), 42 U.S.C.A. §7401 et. seq., as amended, including as amended by the “Clean Air Act Amendments of 1990”.
- SECTION 2. In order to assist in the financing of costs of the Project, the Authority hereby agrees that it will authorize and issue, in one or more series, upon the terms provided in the Agreement, which is hereby in all respects approved, the Bonds in one or more series in the aggregate principal amount of approximately \$4,000,000,000 the present estimated cost of the Project, or such greater amount as is necessary to pay actual costs of the Project pursuant to Chapter 3706 Ohio Revised Code.

- So what does this mean?
- Let's act, not just talk

- This State is also looking at the concept of an industrial gasification energy park

The idea is to identify several industrial consumers in an approximate vicinity and build a gasification facility to serve third needs

# HIGH SULFUR COAL

- **A TENATIVE COMING TOGETHER BY THE CENTRAL HIGH SULFUR COAL STATES ON A SUPPORT STRATEGY TO ENABLE THE DoD VISION AND STATE NEEDS FOR LOW EMISSION FUELS**

# BIOMASS

- Biomass co-gasification is a must consideration
- Biomass has the promise to allow more rapid and greater deployment of IGCC
- Biomass gasification elevates a slate of mounting environmental concerns

- AND SO IS PETCOKE
- PETCOKE IS THE BRIDGE BETWEEN COAL AND OIL
- Both are needed to provide for the future needs of manufacturing and homeland security

IT IS A STATE JOB TO GET SUPPORT

**It is A JOINT EFFORT**

**STATE/ FEDERAL/PRIVATE**

to get it done